



Department of Justice

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JUSTICE DEPARTMENT REQUIRES DIVESTITURES IN CLEAR CHANNEL/AMFM MERGER

Divestitures Will Ensure Competition in Radio and Billboard Advertising

WASHINGTON, D.C. -- The Department of Justice today required Clear Channel Communications Inc. and AMFM Inc. to sell AMFM's partial ownership interest in Lamar Advertising Company in order to proceed with their proposed \$23.8 billion merger. The Department said the deal, as originally proposed, would have resulted in higher prices and lower quality services for radio and billboard advertisers.

The Department's Antitrust Division filed a lawsuit and proposed consent decree today in U.S. District Court in Washington, D.C. The consent decree, if approved by the court, would resolve the lawsuit and the Department's competitive objections to the transaction. The decree requires Clear Channel to sell AMFM's approximately 29 percent interest in Lamar, and relinquish its right to two seats on Lamar's board of directors. In addition, it requires Clear Channel to divest 14 radio stations in 5 markets.

"The transaction, as originally structured, would have harmed advertisers who rely on radio or out-of-home advertising," said A. Douglas Melamed, Principal Deputy Assistant Attorney General of the Department's Antitrust Division. "The divestitures required by the consent decree ensure that customers of both types of advertising will continue to enjoy the benefits of competition – low prices and high quality services."

Out-of home advertising companies, such as Lamar, generate revenue from the sale of advertising space, such as billboards, to local and national businesses that want to promote their products and services.

According to the complaint, Clear Channel's purchase of AMFM's partial ownership stake in Lamar would have reduced competition in out-of-home advertising because Clear Channel also owns Eller Media Company, a direct competitor to Lamar. The complaint also states that the proposed merger would have substantially lessened competition in the sale of radio advertising time in 5 markets.

On July 20, the Department and the companies entered into an agreement to resolve the Department's concern. Under that agreement, Clear Channel and AMFM committed to sell 99 radio station in 27 markets -- the largest radio divestiture ever. To date, the companies have completed the sale of 85 of these 99 stations. The consent decree requires Clear Channel and AMFM to sell the remaining stations within 150 days.

Clear Channel, headquartered in San Antonio, Texas, is one of the largest radio broadcast companies in the United States. After its merger with AMFM, it will be the largest U.S. radio broadcaster, owning or operating approximately 900 stations. For 1999, the company reported net television and radio revenues of approximately \$1.4 billion. Its Eller subsidiary, also headquartered in San Antonio, reported revenues of approximately \$1.3 billion in 1999.

AMFM, headquartered in Dallas, is also one of the largest radio broadcast companies in the U.S. For 1999, the company reported radio net revenues of approximately \$1.7 billion.

Lamar, headquartered in Baton Rouge, Louisiana, reported net revenues of approximately \$444 million in 1999.

As required by the Tunney Act, the proposed consent decree, along with the Department's Competitive Impact Statement, will be published in the Federal Register. Any person may submit written comments concerning the proposed decree during a 60-day comment period to: J. Robert Kramer II, Chief, Litigation II Section, Antitrust Division, U.S. Department of Justice, 1401 H Street, N.W., Suite 3000, Washington, D.C. 20530. At the conclusion of the 60-day comment period, the Court may enter the final judgment upon a finding that it serves the public interest.

A list of the remaining stations to be divested is attached.

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Clear Channel/AMFM: Remaining Radio Stations To Be Divested

1. Allentown-Bethlehem, PA

WEEX-AM

WODE-FM

2. Denver, CO

KVOD-AM

3. Harrisburg-Lebanon-Carlisle, PA

WNCE-FM

WNNK-FM

WTCY-AM

WTPA-FM

4. Houston-Galveston, TX

KJOJ-AM

KJOJ-FM

KQUE-AM

KSEV-AM

KTJM-FM

5. Pensacola, FL

WMEZ-FM

WXBM-FM